

IOWA COUNTY

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2004

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IOWA COUNTY

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
(Before January 2004)		
John Tibben	Board of Supervisors	Jan. 2007
Alice Derycke	Board of Supervisors	Jan. 2007
Charles Montross	Board of Supervisors	Jan. 2007
Rick L. Gerard	Board of Supervisors	Jan. 2005
Ray Garringer	Board of Supervisors	Jan. 2005
Linda Griggs	County Auditor	Jan. 2005
Kim Tanke	County Treasurer	Jan. 2007
Sue Peterson	County Recorder	Jan. 2007
James Slockett	County Sheriff	Jan. 2005
Lewis C. McMeen	County Attorney	Jan. 2007
Sharon L. Hudepohl	County Assessor	Jan. 2004
(After January 2004)		
John Tibben	Board of Supervisors	Jan. 2007
Alice Derycke	Board of Supervisors	Jan. 2007
Charles Montross	Board of Supervisors	Jan. 2007
Rick L. Gerard	Board of Supervisors	Jan. 2005
Ray Garringer	Board of Supervisors	Jan. 2005
Linda Griggs	County Auditor	Jan. 2005
Kim Tanke	County Treasurer	Jan. 2007
Sue Peterson	County Recorder	Jan. 2007
James Slockett	County Sheriff	Jan. 2005
Lewis C. McMeen	County Attorney	Jan. 2007
Sharon L. Hudepohl	County Assessor	Jan. 2010

INDEPENDENT AUDITOR'S REPORT

To the Officials of Iowa County:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Iowa County, Iowa, as of and for the year ended June 30, 2004, which collectively comprise the County's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of Iowa County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Iowa County at June 30, 2004 and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

As discussed in Note 13 to the financial statements, during the year ended June 30, 2004, Iowa County adopted Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments; Statement No. 37, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus; Statement No. 38, Certain Financial Statement Note Disclosures; Statement No. 41, Budgetary Comparison Schedule - Perspective Differences; and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.

In accordance with Government Auditing Standards, we have also issued our reports dated December 29, 2004 on our consideration of Iowa County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Those reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 6 through 12 and 50 through 53 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Iowa County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2003 (none of which are presented herein). For the year ended June 30, 2003, we expressed an unqualified opinion on those financial statements. For the years ended June 30, 2002 and June 30, 2001, we expressed qualified opinions on those financial statements due to the omission of the general fixed asset account group. The supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Oskaloosa, Iowa
December 29, 2004

MANAGEMENT'S DISCUSSION AND ANALYSIS

Iowa County provides this Management's Discussion and Analysis of the FY2003-2004 financial statements. This information is a narrative overview and analysis of the financial activity in the report. It should help the reader understand the events that significantly affected the financial position of Iowa County as a whole.

This is the first year Iowa County is required to implement the new reporting standards. Much of the information is not easily comparable to prior years. However, in future years, comparisons will be more meaningful and will go further in explaining the County's financial position and results of operations. Efforts have been made to provide comparison to prior year data when such data is available. In subsequent years, comparison to prior year data will be provided for all key financial information.

FINANCIAL HIGHLIGHTS

County governmental funds revenue increased by 5% or \$571,649 from FY2003 to FY2004. Net property and other county taxes decreased by 1% or \$56,542 due to a decrease in the tax asking for the Mental Health fund and a decrease in Hotel/Motel taxes received. Intergovernmental revenue increased by 16% or \$679,697 due to a decrease in state tax credit replacements, an increase in road use tax, and an increase in federal grants and pass through grants.

County program expenses were 11% higher, or \$1,206,950, in FY2004 than in FY2003. Public Safety increased for the purchase of an ambulance and the costs for the addition of adult corrections jailers. Mental Health decreased because of lower consumer costs. County Environment and Education increased due to a Vision Iowa Grant received and an Amana Barn Project. Roads and Transportation increased because of the Main Street Amana Phase II Project.

USING THE ANNUAL REOPRT

This report consists of a series of financial statements and other information.

The Government-wide Financial Statements consist of a statement of net assets and a statement of activities. These provide information about the activities of Iowa County as a whole and present an overall view of the county's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Iowa County's operations in more detail than the government-wide statements by providing information about the most significant funds.

The remaining statements provide financial information about activities for which Iowa County acts solely as an agent or custodian for the benefit of those outside the government. The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the County's budget for the year.

Other supplementary information provides detailed information about the non-major governmental funds and the individual fiduciary funds.

Reporting the County as a Whole

The Statement of Net Assets and the Statement of Activities

The government-wide financial statements report information about Iowa County as a whole using accounting methods similar to those used in private-sector companies. The statement of Net Assets includes all of Iowa County's assets and liabilities. All the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when the cash was received or paid.

The County's government activities are displayed in the statement of net assets and the statement of activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, government services to residents, administration or general government, interest on long-term debt and other non-program activities, and capital projects.

Fund Financial Statements

The fund financial statements provide more detailed information about Iowa County's funds, focusing on its most significant or "major" funds – not Iowa County as a whole. Funds are accounting devices Iowa County uses to keep track of specific sources of funding and spending on particular programs.

Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds, and the balances left at year-end that are available for spending. These governmental funds include: the General Fund, the Special Revenue Funds such as Mental Health, Rural Services, and Secondary Roads, and the Debt Service Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance County programs.

Proprietary funds account for the County's partial self funded insurance fund which is an internal service fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

Fiduciary funds are used to report assets held in a trust or agency capacity for others and cannot be used to support the government's own programs. These fiduciary funds include agency funds, among which are included Emergency Management Services, the County Assessor, and the E-911 Service Board.

The Fiduciary funds required financial statements include a statement of fiduciary assets and liabilities.

A summary reconciliation between the government-wide financial statements and the fund financial statements follows the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Changes in Net Assets of Governmental Activities

Revenues:	Governmental Activities
Program revenue	
Charges for services	1,131,613
Operating grants	3,920,480
Capital grants	850,585
General revenue:	
Property and other taxes	
General Purposes	4,068,342
Debt Service	74,775
Penalty and interest on Property Tax	75,620
State tax credits	313,060
Local option sales and services tax	1,175,922
Hotel/Motel tax	204,016
Unrestricted grants	21,454
Unrestricted investment earnings	54,883
Miscellaneous	58,467
Total Revenues	<u>\$11,949,217</u>
Program expenses:	
Public safety and legal services	1,643,544
Physical health and social services	730,480
Mental health	1,397,984
County environment and education	927,240
Roads and transportation	4,800,143
Government services to residents	348,624
Administration	1,272,044
Non-program	18,019
Interest on long-term debt	5,721
Capital projects	428,461
Total Expenses	<u>\$11,572,260</u>
Increase in net assets	376,957
Net assets beginning of year	\$17,168,051
Net assets end of year	\$17,545,008

As noted earlier, net assets may serve over time as a useful indicator of financial position.

NET ASSETS OF GOVERNEMENTAL ACTIVITIES

Current and other assets	9,645,477
Capital assets	<u>14,033,218</u>
Total Assets	\$23,678,695
Long-term liabilities	908,435
Other Liabilities	<u>5,225,252</u>
Total Liabilities	\$6,133,687
Net Assets	
Invested in capital assets, net of related debt	13,713,218
Restricted	2,426,464
Unrestricted	<u>1,405,326</u>
Total Net Assets	\$17,545,008

THE COUNTY'S INDIVIDUAL MAJOR FUNDS

As the County completed the year, its governmental funds reported a combined fund balance of \$4.1 million, as compared to last year's balance of \$4.7 million. The following are reasons for the changes in fund balance.

General Fund revenues decreased by \$98,238 when compared to the prior year. Expenditures increased by \$39,362.

The County has continued to look for ways to effectively manage the cost of mental health services. For the year, revenues decreased by \$174,292 due to a reduction of 23% in the tax levy, and expenditures decreased \$62,056. The Mental Health Fund balance at year end was \$151,539. A decrease of \$256,425.

Rural Services Basic Fund revenues decreased by \$56,873 and expenditures decreased by \$500. The primary function of the fund is transferring funds to the Secondary Road fund. Transfers made to the Secondary Roads Fund totaled \$947,000. County contributions to libraries were \$61,000, solid waste disposal costs totalled \$128,336, and road clearing costs totalled \$72,783.

Secondary Roads Fund expenditures increased by \$331,268 to \$5,003,146. Revenues increased by \$470,524 to \$3,931,493. These increases reflect grant and expenditure dollars for the Main Street Amana Phase II project.

BUDGETARY HIGHLIGHTS

In accordance with the Code of Iowa, the Board of Supervisors annually adopts a budget following the required public notice and hearing for all funds, except agency funds. Although the budget document presents functional disbursements by fund, the legal level of control is at the aggregated functional level, not at the fund type level. The budget may be amended during year utilizing similar statutorily prescribed procedures. The County budget is prepared on the cash basis. Over the course of the year, the County amended its operating budget twice. The amendments were made on February 27, 2004 and April 16, 2004, and resulted in a \$126,993 increase in expenditures from the original certified budget. The County did not exceed any of the ten functions for the year ending June 30, 2004.

CAPITAL ASSETS AND DEBT ADMINISTRATION

At the end of FY04, Iowa County had approximately \$14 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges, net of approximately \$9.5 million of accumulated depreciation.

More detailed information about the County's capital assets is presented in Note 4 of the financial statements.

LONG-TERM OBLIGATIONS

At year end, the County had \$320,000 in bonds and notes payable compared to \$160,000 last year. The County sold \$240,000 in bonds that will be paid back with hotel/motel tax revenues over the next six years. The interest rates range from 2.05% to 3.5%. There is one payment of \$80,000 left on bonds sold to replace the roof at Hillside Estate. The interest rate is 4.45%.

The Constitution of the State of Iowa limits the amount of general obligation debt that counties can issue to 5 percent of the assessed value of all taxable property within the County's corporate limits. The County's outstanding general obligation debt is significantly below the limit.

Other obligations include accrued compensated absences consisting of vacation pay and sick leave. More detailed information about the County's long-term liabilities is presented in Note 6 to the financial statements.

ECONOMIC FACTORS, AND NEXT YEAR'S BUDGETS, AND RATES

Iowa County's elected and appointed officials and citizens considered many factors when setting the 2005 fiscal year budget, tax rate, and the fees that will be charged for the various County services. Factors include the economy, changes in real estate valuations, and a reduction in state funding.

The County added no major new programs or initiatives to the 2005 budget year.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Iowa County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County Auditor's Office, Iowa County, 901 Court Ave., Marengo, IA 52301

Prepared by: Linda Griggs, Iowa County Auditor

Basic Financial Statements

IOWA COUNTY
STATEMENT OF NET ASSETS
June 30, 2004

	<u>Governmental Activities</u>
Assets	
Cash and pooled investments	\$ 4,014,120
Receivables:	
Property tax:	
Delinquent	53,446
Succeeding year	4,433,000
Interest and penalty on property tax	45,627
Accounts	42,667
Accrued interest	2,278
Drainage assessments	146,610
Due from other governments	702,790
Inventories	182,512
Prepaid expenses	22,427
Capital assets, net of accumulated depreciation (note 4)	<u>14,033,218</u>
Total assets	<u>23,678,695</u>
Liabilities	
Accounts payable	546,043
Salaries and benefits payable	113,589
Due to other governments (note 5)	130,412
Accrued interest payable	1,948
Deferred revenue:	
Succeeding year property tax	4,433,000
Compensated absences	260
Long-term liabilities (note 6):	
Portion due or payable within one year:	
General obligation bonds	80,000
General obligation hotel/motel tax bonds	35,000
Compensated absences	529,592
Portion due or payable after one year:	
General obligation hotel/motel tax bonds	205,000
Compensated absences	<u>58,843</u>
Total liabilities	<u>6,133,687</u>

IOWA COUNTY
STATEMENT OF NET ASSETS
June 30, 2004

	<u>Governmental Activities</u>
Net Assets	
Invested in capital assets, net of related debt	\$ 13,713,218
Restricted for:	
Supplemental levy purposes	226,320
Mental health purposes	147,141
Rural services	302,698
Secondary roads	951,208
Debt service	41,565
Other special revenue purposes	757,532
Unrestricted	<u>1,405,326</u>
Total net assets	\$ <u><u>17,545,008</u></u>

See notes to financial statements.

IOWA COUNTY
STATEMENT OF ACTIVITIES
Year Ended June 30, 2004

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
Governmental Activities:					
Public safety and legal services	\$ 1,643,544	\$ 278,828	\$ 27,962	\$ -	\$ (1,336,754)
Physical health and social services	730,480	173,713	392,128	-	(164,639)
Mental health	1,397,984	53,000	597,758	-	(747,226)
County environment and education	927,240	208,370	80,659	-	(638,211)
Roads and transportation	4,800,143	40,789	2,821,973	850,585	(1,086,796)
Government services to residents	348,624	302,619	-	-	(46,005)
Administration	1,272,044	74,294	-	-	(1,197,750)
Non-program	18,019	-	-	-	(18,019)
Interest on long-term debt	5,721	-	-	-	(5,721)
Capital projects	428,461	-	-	-	(428,461)
Total	\$ 11,572,260	\$ 1,131,613	\$ 3,920,480	\$ 850,585	(5,669,582)
General Revenues:					
Property and other county tax levied for:					
General purposes					4,068,342
Debt service					74,775
Penalty and interest on property tax					75,620
State tax credits					313,060
Local option sales and services tax					1,175,922
Hotel/motel tax					204,016
Grants and contributions not restricted to a specific purpose					21,454
Unrestricted investment earnings					54,883
Miscellaneous					58,467
Total general revenues					6,046,539
Change in net assets					376,957
Net assets beginning of year, as restated (note 13)					17,168,051
Net assets end of year					\$ 17,545,008

See notes to financial statements.

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IOWA COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2004

		Special Revenue		
	General	Mental Health	Rural Services	Secondary Roads
Assets				
Cash and pooled investments	\$ 1,871,320	\$ 285,984	\$ 286,096	\$ 925,938
Receivables:				
Property tax:				
Delinquent	26,945	7,903	17,770	-
Succeeding year	2,360,000	692,000	1,303,000	-
Interest and penalty on property tax	45,627	-	-	-
Accounts	38,019	2,000	-	-
Accrued interest	2,184	-	-	-
Drainage assessments	-	-	-	-
Due from other governments	78,813	-	-	326,423
Inventories	-	-	-	182,512
Prepaid expenses	-	22,427	-	-
Total assets	\$ <u>4,422,908</u>	\$ <u>1,010,314</u>	\$ <u>1,606,866</u>	\$ <u>1,434,873</u>

Nonmajor Governmental Funds	Total Governmental Funds
\$ 613,991	\$ 3,983,329
828	53,446
78,000	4,433,000
-	45,627
2,648	42,667
94	2,278
146,610	146,610
297,554	702,790
-	182,512
-	22,427
<u>\$ 1,139,725</u>	<u>\$ 9,614,686</u>

IOWA COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2004

		Special Revenue		
	General	Mental Health	Rural Services	Secondary Roads
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 74,568	\$ 35,797	\$ 1,168	\$ 173,830
Salaries and benefits payable	35,922	2,055	-	75,612
Due to other governments (note 5)	7,352	121,057	-	2,003
Deferred revenue:				
Succeeding year property tax	2,360,000	692,000	1,303,000	-
Other	72,083	7,866	17,734	-
Compensated absences	260	-	-	-
Total liabilities	<u>2,550,185</u>	<u>858,775</u>	<u>1,321,902</u>	<u>251,445</u>
Fund balance:				
Reserved for:				
Inventories	-	-	-	182,512
Prepaid expenses	-	22,427	-	-
Supplemental levy purposes	271,783	-	-	-
Debt service	-	-	-	-
Cemetery levy	13,090	-	-	-
Unreserved, reported in:				
Designated:				
Board purposes	310,000	-	-	79,000
Undesignated:				
General fund	1,277,850	-	-	-
Special revenue funds	-	129,112	284,964	921,916
Total fund balances	<u>1,872,723</u>	<u>151,539</u>	<u>284,964</u>	<u>1,183,428</u>
Total liabilities and fund balances	<u>\$ 4,422,908</u>	<u>\$ 1,010,314</u>	<u>\$ 1,606,866</u>	<u>\$ 1,434,873</u>

See notes to financial statements.

Nonmajor Governmental Funds	Total Governmental Funds
\$ 260,680	\$ 546,043
-	113,589
-	130,412
78,000	4,433,000
147,433	245,116
-	260
<u>486,113</u>	<u>5,468,420</u>
-	182,512
-	22,427
-	271,783
42,690	42,690
-	13,090
-	389,000
-	1,277,850
<u>610,922</u>	<u>1,946,914</u>
<u>653,612</u>	<u>4,146,266</u>
\$ <u><u>1,139,725</u></u>	\$ <u><u>9,614,686</u></u>

IOWA COUNTY

RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2004

Total fund balances of governmental funds	\$ 4,146,266
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. The cost of assets is \$23,570,475 and the accumulated depreciation is \$9,537,257.	14,033,218
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Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	245,116
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The Internal Service Fund is used by management to charge the costs of partial self funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the statement of net assets.	30,791
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Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(1,948)
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Long-term liabilities, including bonds payable and compensated absences payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<div style="border-top: 1px solid black; display: inline-block;">(908,435)</div>
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Net assets of governmental activities	<div style="border-top: 3px double black; display: inline-block;">\$ 17,545,008</div>
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See notes to financial statements

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IOWA COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2004

		Special Revenue		
	General	Mental Health	Rural Service	Secondary Roads
Revenues:				
Property and other County tax	\$ 2,478,875	\$ 454,617	\$ 1,135,873	\$ 1,175,922
Interest and penalty on property tax	64,355	-	-	-
Intergovernmental	915,546	631,979	86,954	2,714,782
Licenses and permits	25,009	-	-	385
Charges for service	500,900	5,000	-	-
Use of money and property	123,680	-	-	-
Miscellaneous	26,242	48,804	-	40,404
Total revenues	4,134,607	1,140,400	1,222,827	3,931,493
Expenditures:				
Operating:				
Public safety and legal services	1,706,601	-	-	-
Physical health and social services	695,141	-	-	-
Mental health	-	1,396,825	-	-
County environment and education	372,628	-	189,336	-
Roads and transportation	-	-	72,783	4,126,675
Government services to residents	346,511	-	-	-
Administration	1,254,692	-	-	-
Non-program	720	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	876,471
Total expenditures	4,376,293	1,396,825	262,119	5,003,146
Excess (deficiency) of revenues over (under) expenditures	(241,686)	(256,425)	960,708	(1,071,653)
Other financing sources (uses):				
Interfund transfers in	101,324	-	-	976,500
Interfund transfers out	(29,500)	-	(947,000)	-
General obligation bonds issued	-	-	-	-
Total other financing sources (uses)	71,824	-	(947,000)	976,500

Nonmajor Governmental			
Funds		Total	
\$	278,836	\$	5,524,123
	-		64,355
	626,669		4,975,930
	-		25,394
	102,083		607,983
	1,917		125,597
	38,975		154,425
	<u>1,048,480</u>		<u>11,477,807</u>
	-		1,706,601
	1,957		697,098
	-		1,396,825
	377,393		939,357
	-		4,199,458
	1,820		348,331
	-		1,254,692
	17,299		18,019
	85,660		85,660
	813,631		1,690,102
	<u>1,297,760</u>		<u>12,336,143</u>
	<u>(249,280)</u>		<u>(858,336)</u>
	-		1,077,824
	(101,324)		(1,077,824)
	240,000		240,000
	<u>138,676</u>		<u>240,000</u>

IOWA COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2004

		Special Revenue		
	General	Mental Health	Rural Service	Secondary Roads
Net change in fund balances	\$ (169,862)	\$ (256,425)	\$ 13,708	\$ (95,153)
Fund balances beginning of year, as restated (note 13)	2,042,585	407,964	271,256	1,278,581
Fund balances end of year	<u>\$ 1,872,723</u>	<u>\$ 151,539</u>	<u>\$ 284,964</u>	<u>\$ 1,183,428</u>

See notes to financial statements.

Nonmajor Governmental Funds		Total
\$	(110,604)	\$ (618,336)
	764,216	4,764,602
\$	<u>653,612</u>	\$ <u>4,146,266</u>

IOWA COUNTY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2004

Net change in fund balances - total governmental funds \$ (618,336)

Amounts reported for governmental activities in the statement of activities
are different because:

Governmental funds report capital outlays as expenditures while
governmental activities report depreciation expense to allocate those
expenditures over the life of the assets. The amount of capital outlays and
depreciation expense in the current year are as follows:

	Capital outlays	\$ 1,803,144	
Capital assets contributed by the Iowa Department of Transportation	349,776		
Depreciation expense	<u>(1,105,557)</u>		1,047,363

Because some revenues will not be collected for several months after the
County's year end, they are not considered available revenues and are
deferred in the governmental funds.

	Property tax	10,197	
Drainage assessments	<u>111,437</u>		121,634

Bond proceeds provide current financial resources to governmental funds,
but issuing debt increases long-term liabilities in the statement of net
assets. (240,000)

Repayment of bond principal is an expenditure in the governmental funds,
but the repayment reduces long-term liabilities in the statement of net
assets. 80,000

Some expenses reported in the statement of activities do not require the use
of current financial resources and, therefore, are not reported as
expenditures in governmental funds, as follows:

	Compensated absences	(10,842)	
Interest on long-term debt	<u>(61)</u>		(10,903)

The Internal Service Fund is used by management to charge the costs of
employee health benefits to individual funds. The change in net assets
of the Internal Service Fund is reported with governmental activities. (2,801)

Change in net assets of governmental activities \$ 376,957

See notes to financial statements.

IOWA COUNTY
STATEMENT OF NET ASSETS
PROPRIETARY FUND
June 30, 2004

	Internal Service - Employee <u>Group Health</u>
Assets	
Cash and cash equivalents	\$ <u>30,791</u>
Liabilities	
None	<u>-</u>
Net Assets	
Unrestricted	\$ <u><u>30,791</u></u>
See notes to financial statements.	

IOWA COUNTY
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
 PROPRIETARY FUND
 Year Ended June 30, 2004

	<u>Internal Service - Employee Group Health</u>
Operating revenues:	
None	\$ <u> -</u>
Operating expenses:	
Medical claims	<u> 2,801</u>
Operating loss	(2,801)
Net assets beginning of year	<u> 33,592</u>
Net assets end of year	\$ <u><u> 30,791</u></u>

See notes to financial statements.

IOWA COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended June 30, 2004

	<u>Internal Service - Employee Group Health</u>
Cash flows from operating activities:	
Cash payments to suppliers for services	\$ <u>(4,521)</u>
Net decrease in cash and cash equivalents	(4,521)
Cash and cash equivalents at beginning of year	<u>35,312</u>
Cash and cash equivalents at end of year	\$ <u><u>30,791</u></u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (2,801)
Adjustments to reconcile operating loss to net cash used in operating activities:	
(Decrease) in accounts payable	<u>(1,720)</u>
Net cash used in operating activities	\$ <u><u>(4,521)</u></u>

See notes to financial statements.

IOWA COUNTY
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2004

Assets

Cash and pooled investments:

County Treasurer	\$ 790,891
Other County officials	2,594

Receivables:

Property tax receivable:

Delinquent	118,820
Succeeding year	12,842,000

Accounts	29,701
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Accrued interest	<u>13</u>
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Total assets	<u><u>\$ 13,784,019</u></u>
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Liabilities

Accounts payable	\$ 13,743
------------------	-----------

Salaries and benefits payable	1,138
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Due to other governments (note 5)	13,732,378
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Trusts payable	8,710
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Compensated absences	<u>28,050</u>
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Total liabilities	<u><u>\$ 13,784,019</u></u>
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See notes to financial statements.

IOWA COUNTY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2004

Note 1. Summary of Significant Accounting Policies

Iowa County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff, and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance, and general administrative services.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Iowa County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the County.

These financial statements present Iowa County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Blended Component Units – The following component units are entities which are legally separate from the County, but are so intertwined with the County that they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

Two drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed and supervised by the Iowa County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. Financial information of the drainage districts can be obtained from the Iowa County Auditor's office.

Jointly Governed Organizations – The County also participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Iowa County Assessor's Conference Board, Iowa County Emergency Management Commission, and Iowa County Joint E-911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

IOWA COUNTY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2004

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation

Government-wide Financial Statements – The statement of net assets and the statement of activities report information on all of the nonfiduciary activities of the County and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

The statement of net assets presents the County's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, which can be removed or modified.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The County reports the following major governmental funds:

The General Fund is the main operating fund of the County. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, the fixed charges and the capital improvement costs that are not paid from other funds.

Special Revenue:

The Mental Health Fund is used to account for property tax and other revenues designated to be used to fund mental health, mental retardation, and developmental disabilities services.

IOWA COUNTY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2004

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

Special Revenue (continued):

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the County outside of incorporated city areas.

The Secondary Roads Fund is used to account for secondary road construction and maintenance.

Additionally, the County reports the following funds:

Proprietary Fund - An Internal Service Fund is used to account for the financing of goods or services purchased by one department of the County and provided to other departments or agencies on a cost reimbursement basis.

Fiduciary Funds - Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds. Agency Funds are custodial in nature, assets equal liabilities, and do not involve measurement of results of operations.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

IOWA COUNTY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2004

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting (continued)

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

The proprietary fund of the County applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's internal service fund are charges to customers for sales and services. Operating expenses for internal service funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the balance sheet:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. Investments are stated at fair value except for the investment in the Iowa Public Agency Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, they have a maturity date no longer than three months.

Property Tax Receivable – Property tax in Governmental Funds is accounted for using the modified accrual basis of accounting.

IOWA COUNTY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2004

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the County Board of Supervisors. Delinquent property taxes receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

The property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2002 assessed property valuations; is for the tax accrual period July 1, 2003 through June 30, 2004 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2003.

Interest and Penalty on Property Tax Receivable – Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable but has not been collected.

Drainage Assessments Receivable – Drainage assessments receivable represent amounts assessed to individuals for work done on drainage districts which benefit their property. These assessments are payable by individuals in not less than 10 nor more than 20 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Drainage assessments receivable represent assessments which are due and payable but have not been collected.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories in the Special Revenue Funds consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

IOWA COUNTY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2004

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Capital Assets – Capital assets, which include property, equipment and vehicles, and infrastructure assets (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the government), are reported in the governmental activities column in the government-wide statement of net assets. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Infrastructure	\$ 100,000
Land	5,000
Buildings and improvements	25,000
Equipment and vehicles	5,000

Capital assets of the County are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	25-50
Improvements other than buildings	10-50
Infrastructure	10-65
Equipment	3-20
Vehicles	5-15

Due to Other Governments – Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

Trusts Payable – Trusts payable represents amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year end.

IOWA COUNTY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2004

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Deferred revenue in the statement of net assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is recorded in the governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2004. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Roads Funds.

Long-term Liabilities – In the government-wide financial statements and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund statement of net assets.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Balances – In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2004, disbursements did not exceed the amounts budgeted in any of the ten County functions. However, disbursements in one department exceeded the amount appropriated prior to amendment and at year end.

Note 2. Cash and Pooled Investments

The County's deposits in banks at June 30, 2004 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. The chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

IOWA COUNTY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2004

Note 2. Cash and Pooled Investments (continued)

The County's funds are all deposited in financial institution depository accounts.

Note 3. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2004 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue:		
Secondary Roads	General	\$ 29,500
	Special Revenue:	
	Rural Services	947,000
General	Hotel Motel Tax	<u>101,324</u>
		\$ <u><u>1,077,824</u></u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

IOWA COUNTY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2004

Note 4. Capital Assets

A summary of capital assets activity for the year ended June 30, 2004 is as follows:

	Balance Beginning of Year, as Restated (note 13)	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,064,631	\$ -	\$ -	\$ 1,064,631
Construction in progress	274,019	862,923	301,114	835,828
Total capital assets not being depreciated	<u>1,338,650</u>	<u>862,923</u>	<u>301,114</u>	<u>1,900,459</u>
Capital assets being depreciated:				
Buildings	2,453,591	423,451	-	2,877,042
Machinery and equipment	4,923,756	392,071	119,333	5,196,494
Infrastructure	12,820,891	775,589	-	13,596,480
Total capital assets being depreciated	<u>20,198,238</u>	<u>1,591,111</u>	<u>119,333</u>	<u>21,670,016</u>
Less accumulated depreciation for:				
Buildings	1,585,249	86,024	-	1,671,273
Machinery and equipment	3,177,502	553,110	119,333	3,611,279
Infrastructure	3,788,282	466,423	-	4,254,705
Total accumulated depreciation	<u>8,551,033</u>	<u>1,105,557</u>	<u>119,333</u>	<u>9,537,257</u>
Total capital assets being depreciated, net	<u>11,647,205</u>	<u>485,554</u>	<u>-</u>	<u>12,132,759</u>
Governmental activities capital assets, net	<u>\$ 12,985,855</u>	<u>\$ 1,348,477</u>	<u>\$ 301,114</u>	<u>\$ 14,033,218</u>

IOWA COUNTY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2004

Note 4. Capital Assets (continued)

Depreciation expense was charged to the following functions:

Governmental activities:

Public safety and legal services	\$ 91,497
Physical health and social services	31,385
Mental health	875
County environment and education	13,683
Roads and transportation	918,503
Administration	<u>49,614</u>

Total depreciation expense - governmental activities	<u><u>\$ 1,105,557</u></u>
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Note 5. Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments is as follows:

<u>Fund</u>	<u>Description</u>	<u>Services and Collections</u>	<u>Delinquent and Succeeding Year Property Taxes</u>	<u>Total</u>
General	Services	\$ <u>7,352</u>	\$ <u>-</u>	\$ <u>7,352</u>
Special Revenue:				
Mental Health	Services	121,057	-	121,057
Secondary Roads	Services	<u>2,003</u>	-	<u>2,003</u>
		<u>123,060</u>	-	<u>123,060</u>
Total for governmental funds		<u><u>\$ 130,412</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 130,412</u></u>
Agency:				
County Assessor	Collections	\$ 36,456	\$ 391,421	\$ 427,877
Schools		236,455	8,882,778	9,119,233
Community College		12,511	433,895	446,406
Corporations		20,479	2,848,736	2,869,215
Auto License and Use Tax		318,678	-	318,678
All Other		<u>147,879</u>	<u>403,090</u>	<u>550,969</u>
Total for agency funds		<u><u>\$ 772,458</u></u>	<u><u>\$ 12,959,920</u></u>	<u><u>\$ 13,732,378</u></u>

IOWA COUNTY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2004

Note 6. Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2004 is as follows:

	General Obligation Bonds	General Obligation Hotel/Motel Tax Bonds	Compensated Absences	Total
Balance beginning of year, as restated (note 13)	\$ 160,000	\$ -	\$ 577,593	\$ 737,593
Increases	-	240,000	530,676	770,676
Decreases	80,000		519,834	599,834
Balance end of year	<u>\$ 80,000</u>	<u>\$ 240,000</u>	<u>\$ 588,435</u>	<u>\$ 908,435</u>
Due within one year	<u>\$ 80,000</u>	<u>\$ 35,000</u>	<u>\$ 529,592</u>	<u>\$ 644,592</u>

General Obligation Bonds

Details of the County's general obligation bonded indebtedness are as follows:

Year Ending June 30,	Issue Dated March 30, 2001		
	Interest Rates	Principal	Interest
2005	4.45 %	\$ <u>80,000</u>	\$ <u>3,560</u>

General Obligation Hotel/Motel Tax Bonds Payable

During the year ended June 30, 2004, the County issued \$240,000 in general obligation hotel/motel tax bonds with interest rates ranging from 2.05% to 3.50%.

A summary of the County's June 30, 2004, general obligation hotel/motel tax bonded indebtedness is as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2005	2.05 %	\$ 35,000	\$ 8,188	\$ 43,188
2006	2.20	35,000	6,196	41,196
2007	2.55	40,000	5,138	45,138
2008	2.90	40,000	3,940	43,940
2009	3.20	45,000	2,720	47,720
2010	3.50	45,000	1,360	46,360
		<u>\$ 240,000</u>	<u>\$ 27,542</u>	<u>\$ 267,542</u>

IOWA COUNTY

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2004

Note 7. Pension and Retirement Benefits

The County contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 3.70% of their annual covered salary and the County is required to contribute 5.75% of annual covered payroll except for law enforcement employees, in which case the percentages are 4.99% and 7.48%, respectively. Contribution requirements are established by State statute. The County's contribution to IPERS for the years ended June 30, 2004, 2003, and 2002 were \$207,861, \$200,454, and \$194,098, respectively, equal to the required contributions for each year.

Note 8. Risk Management

Iowa County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool with over 490 members from various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property and inland marine. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 300 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's annual contributions to the Pool for the year ended June 30, 2004 were \$166,642.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$250,000 per claim. Claims exceeding \$250,000 are reinsured in an amount not to exceed \$1,750,000 per claim and \$5,000,000 in aggregate per year. For members requiring specific coverage from \$2,000,000 to \$15,000,000, such excess coverage is also reinsured. All property risks, including automobile physical damage, are also reinsured on an individual member basis.

IOWA COUNTY

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2004

Note 8. Risk Management (continued)

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2004, no liability has been recorded in the County's financial statements. As of June 30, 2004, settled claims have not exceeded the risk pool or reinsurance company coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions. However, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one year period following withdrawal.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$500,000 and \$100,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 9. Employee Health Insurance Plan

The Iowa County Employee Group Health Fund was established to account for the partial self-funding of the increased deductible portion (\$100 to \$500 for single plan and \$500 to \$1,000 for family plan) of the County's health insurance benefit plan provided by their health insurance carrier. Effective April 1, 1993, Iowa County entered into an administrative services agreement with Blue Cross and Blue Shield of Iowa for administration of the plan. The agreement is subject to automatic renewal provisions.

During the year ended June 30, 2003, the County made the decision to end the partial self-funded plan in favor of a purchased insurance plan only with employees covering the full amount of the deductibles. This was instituted during the year ended June 30, 2004. The Iowa County Employee Group Health Fund remained active for the year ended June 30, 2004 only to cover claims incurred in prior years but not yet reported.

Note 10. Construction Commitment

The County has entered into contracts totaling \$1,758,460, including change orders, for bridge construction, roadway paving and various other projects. As of June 30, 2004, costs of \$835,829 have been incurred against the contracts. The balance remaining at June 30, 2004 of \$922,631 will be paid as work on the projects progresses.

IOWA COUNTY

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2004

Note 11. County Care Facility

Effective May 29, 1990, the County entered into an agreement to transfer operation of the County Care Facility to a private operator. In accordance with the agreement, the County leases the real estate and personal property to the private operator. The County provides financial support for the operation and the care facility.

Note 12. Subsequent Event

On August 1, 2004, the County issued \$3,700,000 in general obligation jail bonds, with interest ranging from 2.30% to 5.15%. Proceeds of the bonds will be used for construction of a new jail and E-911 dispatch facility.

Note 13. Accounting Change

Governmental Accounting Standards Board (GASB) Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements was implemented during the year ended June 30, 2004. The interpretation modifies when compensated absence and early retirement liabilities are recorded under the modified accrual basis of accounting.

Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus; Statement No. 38, Certain Financial Statement Note Disclosure; and Statement No. 41, Budgetary Comparison Schedule – Perspective Differences were implemented during the year ended June 30, 2004. The statements create new basic financial statements for reporting the County’s financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

The government-wide financial statements report the County’s governmental activities. The beginning net asset amount for governmental activities has been restated to include capital assets, long-term liabilities, the Internal Service Fund and the changes in assets and liabilities at July 1, 2003 caused by the conversion to the accrual basis of accounting.

IOWA COUNTY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2004

Note 13. Accounting Change (continued)

	<u>Total</u>
Net assets, June 30, 2003, as previously reported	\$ 4,701,574
GASB Interpretation 6 adjustments	<u>63,028</u>
Net assets, July 1, 2003, as restated for governmental funds	4,764,602
GASB 34 adjustments:	
Capital assets, net of accumulated depreciation of \$8,551,033	12,985,855
Long-term liabilities:	
Bonds and note	(160,000)
Compensated absences	(577,593)
Internal service fund	33,592
Accrued interest payable	(1,887)
Change in deferral of long-term assets	<u>123,482</u>
Net assets, July 1, 2003, as restated	<u><u>\$ 17,168,051</u></u>

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Required Supplementary Information

IOWA COUNTY

Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) – All Governmental Funds Required Supplementary Information Year Ended June 30, 2004

	Actual	Less Funds not Required to be Budgeted	Net
	<u>Actual</u>	<u>Budgeted</u>	<u>Net</u>
RECEIPTS:			
Property and other County tax	\$ 5,549,923	\$ -	\$ 5,549,923
Interest and penalty on property tax	64,006	-	64,006
Intergovernmental	4,784,356	-	4,784,356
Licenses and permits	27,344	-	27,344
Charges for service	601,282	-	601,282
Use of money and property	162,239	35,587	126,652
Miscellaneous	121,477	-	121,477
Total receipts	<u>11,310,627</u>	<u>35,587</u>	<u>11,275,040</u>
DISBURSEMENTS:			
Public safety and legal services	1,709,110	-	1,709,110
Physical health and social services	702,277	-	702,277
Mental health	1,354,014	-	1,354,014
County environment and education	1,037,915	-	1,037,915
Roads and transportation	4,399,689	-	4,399,689
Government services to residents	353,934	-	353,934
Administration	1,223,397	-	1,223,397
Non-program	18,009	17,289	720
Debt service	85,660	-	85,660
Capital projects	1,349,297	-	1,349,297
Total disbursements	<u>12,233,302</u>	<u>17,289</u>	<u>12,216,013</u>
Excess (deficiency) of receipts over (under) disbursements	(922,675)	18,298	(940,973)
Other financing sources, net	<u>240,000</u>	-	<u>240,000</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(682,675)	18,298	(700,973)
Balance beginning of year	<u>4,666,004</u>	<u>29,274</u>	<u>4,636,730</u>
Balance end of year	<u>\$ 3,983,329</u>	<u>\$ 47,572</u>	<u>\$ 3,935,757</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Net Variance
\$ 5,415,571	\$ 5,415,571	\$ 134,352
21,500	21,500	42,506
4,858,636	4,528,581	255,775
18,610	18,610	8,734
517,074	557,324	43,958
440,150	215,150	(88,498)
53,465	97,795	23,682
<u>11,325,006</u>	<u>10,854,531</u>	<u>420,509</u>
1,728,829	1,824,568	115,458
722,019	749,632	47,355
1,500,008	1,354,308	294
632,429	1,072,429	34,514
4,602,170	4,403,220	3,531
353,502	361,793	7,859
1,242,735	1,242,735	19,338
20,600	20,600	19,880
85,660	85,660	-
<u>1,450,000</u>	<u>1,350,000</u>	<u>703</u>
<u>12,337,952</u>	<u>12,464,945</u>	<u>248,932</u>
(1,012,946)	(1,610,414)	669,441
<u>-</u>	<u>240,000</u>	<u>-</u>
(1,012,946)	(1,370,414)	669,441
<u>3,721,628</u>	<u>4,666,004</u>	<u>(29,274)</u>
<u>\$ 2,708,682</u>	<u>\$ 3,295,590</u>	<u>\$ 640,167</u>

IOWA COUNTY

Budgetary Comparison Schedule – Budget to GAAP Reconciliation Required Supplementary Information Year Ended June 30, 2004

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 11,310,627	\$ 167,180	\$ 11,477,807
Expenditures	12,233,302	102,841	12,336,143
Net	(922,675)	64,339	(858,336)
Other financing sources	240,000	-	240,000
Beginning fund balances, as restated	4,666,004	98,598	4,764,602
Ending fund balances	<u>\$ 3,983,329</u>	<u>\$ 162,937</u>	<u>\$ 4,146,266</u>

See accompanying independent auditor's report.

IOWA COUNTY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING

June 30, 2004

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds, except blended component units and agency funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund or fund type. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, government services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the general fund, special revenue funds, debt service fund and capital projects funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not at the fund or fund type level. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$126,993. These budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E-911 System by the Joint E-911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2004, disbursements did not exceed the amounts budgeted in any of the ten County functions. However, disbursements in one department exceeded the amount appropriated during the year prior to amendment and at year end.

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Other Supplementary Information

IOWA COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2004

	Special Revenue				
	County Recorder's Records Management	County Recorder's Electronic Transaction Fee	Drainage Districts	Conservation Land Acquisition	Conservation Donation
ASSETS					
Cash and pooled investments	\$ 13,516	\$ 22,706	\$ 47,572	\$ 90,190	\$ 15,394
Receivables:					
Property tax:					
Delinquent	-	-	-	-	-
Succeeding year	-	-	-	-	-
Accounts	435	-	-	2,213	-
Accrued interest	3	5	10	-	3
Drainage assessments	-	-	146,610	-	-
Due from other governments	-	14,196	-	-	-
Total assets	\$ <u>13,954</u>	\$ <u>36,907</u>	\$ <u>194,192</u>	\$ <u>92,403</u>	\$ <u>15,397</u>
LIABILITIES AND FUND EQUITY					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 730	\$ -	\$ -
Deferred revenue:					
Succeeding year property tax	-	-	-	-	-
Other	-	-	146,610	-	-
Total liabilities	-	-	147,340	-	-
Fund equity:					
Fund balances:					
Reserved for:					
Debt service	-	-	-	-	-
Unreserved:					
Undesignated	13,954	36,907	46,852	92,403	15,397
Total fund equity	13,954	36,907	46,852	92,403	15,397
Total liabilities and fund equity	\$ <u>13,954</u>	\$ <u>36,907</u>	\$ <u>194,192</u>	\$ <u>92,403</u>	\$ <u>15,397</u>

See accompanying independent auditor's report.

<u>Hotel Motel Tax</u>	<u>Federal Emergency Management</u>	<u>REAP</u>	<u>Amana Villages</u>	<u>Fuller Green Valley</u>	<u>Debt Service</u>	<u>Total</u>
\$ 54,686	\$ 1,320	\$ 10,538	\$ 306,874	\$ 8,510	\$ 42,685	\$ 613,991
-	-	-	-	-	828	828
-	-	-	-	-	78,000	78,000
-	-	-	-	-	-	2,648
-	-	-	73	-	-	94
-	-	-	-	-	-	146,610
58,265	-	150	224,943	-	-	297,554
<u>\$ 112,951</u>	<u>\$ 1,320</u>	<u>\$ 10,688</u>	<u>\$ 531,890</u>	<u>\$ 8,510</u>	<u>\$ 121,513</u>	<u>\$ 1,139,725</u>
\$ -	\$ 957	\$ -	\$ 258,993	\$ -	\$ -	\$ 260,680
-	-	-	-	-	78,000	78,000
-	-	-	-	-	823	147,433
-	957	-	258,993	-	78,823	486,113
-	-	-	-	-	42,690	42,690
112,951	363	10,688	272,897	8,510	-	610,922
112,951	363	10,688	272,897	8,510	42,690	653,612
<u>\$ 112,951</u>	<u>\$ 1,320</u>	<u>\$ 10,688</u>	<u>\$ 531,890</u>	<u>\$ 8,510</u>	<u>\$ 121,513</u>	<u>\$ 1,139,725</u>

IOWA COUNTY

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2004

		Special Revenue				
		County Recorder's Records Management	County Recorder's Electronic Transaction Fee	Drainage Districts	Conservation Land Acquisition	Conservation Donation
Revenues:						
Property and other County tax	\$	-	\$ -	\$ -	\$ -	-
Intergovernmental		-	-	-	-	-
Charges for service		4,829	36,885	-	60,369	-
Use of money and property		29	22	113	-	568
Miscellaneous		-	-	35,477	-	2,098
Total revenues		<u>4,858</u>	<u>36,907</u>	<u>35,590</u>	<u>60,369</u>	<u>2,666</u>
Expenditures:						
Operating:						
Physical health and social services		-	-	-	-	-
County environment and education		-	-	-	36,047	-
Government services to residents		1,820	-	-	-	-
Non-program		-	-	17,299	-	-
Debt service		-	-	-	-	-
Capital projects		-	-	-	-	-
Total expenditures		<u>1,820</u>	<u>-</u>	<u>17,299</u>	<u>36,047</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures		3,038	36,907	18,291	24,322	2,666
Other financing sources (uses):						
Interfund transfers out		-	-	-	-	-
General obligation bonds issued		-	-	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures		3,038	36,907	18,291	24,322	2,666
Fund balances beginning of year		<u>10,916</u>	<u>-</u>	<u>28,561</u>	<u>68,081</u>	<u>12,731</u>
Fund balances end of year	\$	<u><u>13,954</u></u>	<u><u>36,907</u></u>	<u><u>46,852</u></u>	<u><u>92,403</u></u>	<u><u>15,397</u></u>

See accompanying independent auditor's report.

<u>Hotel Motel Tax</u>	<u>Federal Emergency Management</u>	<u>REAP</u>	<u>Amana Villages</u>	<u>Fuller Green Valley</u>	<u>Debt Service</u>	<u>Total</u>
\$ 204,016	\$ -	\$ -	\$ -	\$ -	74,820	\$ 278,836
-	2,320	10,406	608,648	-	5,295	626,669
-	-	-	-	-	-	102,083
-	-	-	1,185	-	-	1,917
-	-	-	-	1,400	-	38,975
<u>204,016</u>	<u>2,320</u>	<u>10,406</u>	<u>609,833</u>	<u>1,400</u>	<u>80,115</u>	<u>1,048,480</u>
-	1,957	-	-	-	-	1,957
340,468	-	-	-	878	-	377,393
-	-	-	-	-	-	1,820
-	-	-	-	-	-	17,299
-	-	-	-	-	85,660	85,660
-	-	-	813,631	-	-	813,631
<u>340,468</u>	<u>1,957</u>	<u>-</u>	<u>813,631</u>	<u>878</u>	<u>85,660</u>	<u>1,297,760</u>
(136,452)	363	10,406	(203,798)	522	(5,545)	(249,280)
(101,324)	-	-	-	-	-	(101,324)
240,000	-	-	-	-	-	240,000
<u>138,676</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>138,676</u>
2,224	363	10,406	(203,798)	522	(5,545)	(110,604)
<u>110,727</u>	<u>-</u>	<u>282</u>	<u>476,695</u>	<u>7,988</u>	<u>48,235</u>	<u>764,216</u>
<u>\$ 112,951</u>	<u>\$ 363</u>	<u>\$ 10,688</u>	<u>\$ 272,897</u>	<u>\$ 8,510</u>	<u>\$ 42,690</u>	<u>\$ 653,612</u>

IOWA COUNTY
COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2004

	County Offices			Agricultural	County
	County	County	County	Extension	County
	Auditor	Recorder	Sheriff	Education	Assessor
ASSETS					
Cash and pooled investments:					
County Treasurer	\$ -	\$ -	\$ -	1,950	\$ 53,779
Other County officials	1,942	50	602	-	-
Receivables:					
Property tax:					
Delinquent	-	-	-	867	4,421
Succeeding year	-	-	-	76,000	387,000
Accounts	-	46	-	-	12
Accrued interest	-	-	-	-	-
Total assets	\$ <u>1,942</u>	\$ <u>96</u>	\$ <u>602</u>	\$ <u>78,817</u>	\$ <u>445,212</u>
LIABILITIES					
Accounts payable	\$ -	\$ 50	\$ -	\$ -	260
Salaries and benefits payable	-	-	-	-	-
Due to other governments	-	46	-	78,817	427,877
Trusts payable	1,942	-	602	-	-
Compensated absences	-	-	-	-	17,075
Total liabilities	\$ <u>1,942</u>	\$ <u>96</u>	\$ <u>602</u>	\$ <u>78,817</u>	\$ <u>445,212</u>

<u>Schools</u>	<u>Area Schools</u>	<u>Corporations</u>	<u>Townships</u>	<u>City Special Assessments</u>	<u>Auto License and Use Tax</u>	<u>Brucellosis and Tuberculosis Eradication</u>
\$ 236,455	\$ 12,511	\$ 20,479	\$ 6,405	\$ 583	\$ 331,895	\$ 74
-	-	-	-	-	-	-
98,778	4,895	5,736	2,571	-	-	29
8,784,000	429,000	2,843,000	203,000	-	-	3,000
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 9,119,233</u>	<u>\$ 446,406</u>	<u>\$ 2,869,215</u>	<u>\$ 211,976</u>	<u>\$ 583</u>	<u>\$ 331,895</u>	<u>\$ 3,103</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,217	\$ -
-	-	-	-	-	-	-
9,119,233	446,406	2,869,215	211,976	583	318,678	3,103
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 9,119,233</u>	<u>\$ 446,406</u>	<u>\$ 2,869,215</u>	<u>\$ 211,976</u>	<u>\$ 583</u>	<u>\$ 331,895</u>	<u>\$ 3,103</u>

IOWA COUNTY
COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2004

	Emergency Management	Fire Districts	Amana Land Use District	Sanitary Districts	E-911 Service Commission
ASSETS					
Cash and pooled investments:					
County Treasurer	\$ 49,710	\$ 1,705	\$ 741	\$ 98	\$ 15,174
Other County officials	-	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	1,034	489	-	-
Succeeding year	-	66,000	23,000	28,000	-
Accounts	-	-	-	-	15
Accrued interest	-	-	-	-	-
Total assets	<u>\$ 49,710</u>	<u>\$ 68,739</u>	<u>\$ 24,230</u>	<u>\$ 28,098</u>	<u>\$ 15,189</u>
LIABILITIES					
Accounts payable	\$ 89	\$ -	\$ -	\$ -	\$ -
Salaries and benefits payable	1,138	-	-	-	-
Due to other governments	48,483	68,739	24,230	28,098	15,189
Trusts payable	-	-	-	-	-
Compensated absences	-	-	-	-	-
Total liabilities	<u>\$ 49,710</u>	<u>\$ 68,739</u>	<u>\$ 24,230</u>	<u>\$ 28,098</u>	<u>\$ 15,189</u>

See accompanying independent auditor's report.

<u>E-911 Surcharge</u>	<u>Tax Sale Redemption</u>	<u>Bankruptcy Trust</u>	<u>Comdemnation Trust</u>	<u>Monies/ Credit Loans Credit</u>	<u>Recorder's Electronic Transaction Fees</u>	<u>Total</u>
\$ 47,073	\$ 3,262	\$ 99	\$ 2,805	\$ 2,198	\$ 3,895	\$ 790,891
-	-	-	-	-	-	2,594
-	-	-	-	-	-	118,820
-	-	-	-	-	-	12,842,000
27,453	-	-	-	-	2,175	29,701
13	-	-	-	-	-	13
<u>\$ 74,539</u>	<u>\$ 3,262</u>	<u>\$ 99</u>	<u>\$ 2,805</u>	<u>\$ 2,198</u>	<u>\$ 6,070</u>	<u>\$ 13,784,019</u>
\$ 127	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,743
-	-	-	-	-	-	1,138
63,437	-	-	-	2,198	6,070	13,732,378
-	3,262	99	2,805	-	-	8,710
10,975	-	-	-	-	-	28,050
<u>\$ 74,539</u>	<u>\$ 3,262</u>	<u>\$ 99</u>	<u>\$ 2,805</u>	<u>\$ 2,198</u>	<u>\$ 6,070</u>	<u>\$ 13,784,019</u>

IOWA COUNTY

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
Year Ended June 30, 2004

	County Offices			Agricultural	County
	County	County	County	Extension	County
	Auditor	Recorder	Sheriff	Education	Assessor
ASSETS AND LIABILITIES					
Balances beginning of year	\$ 2,058	\$ 11,358	\$ 788	\$ 73,240	\$ 358,097
Additions:					
Property and other County tax	-	-	-	76,019	387,826
State tax credits	-	-	-	5,231	22,322
Payments in lieu of taxes	-	-	-	104	442
E-911 surcharge	-	-	-	-	-
Office fees and collections	445	272,867	34,499	-	3,207
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	1,206	-	121,346	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total additions	1,651	272,867	155,845	81,354	413,797
Deductions:					
Agency remittances:					
To other funds	538	167,482	33,954	-	-
To other governments	-	116,647	545	75,777	326,682
Trusts paid out	1,229	-	121,532	-	-
Total deductions	1,767	284,129	156,031	75,777	326,682
Balances end of year	\$ 1,942	\$ 96	\$ 602	\$ 78,817	\$ 445,212

<u>Schools</u>	<u>Area Schools</u>	<u>Corporations</u>	<u>Townships</u>	<u>City Special Assessments</u>	<u>Auto License and Use Tax</u>	<u>Brucellosis and Tuberculosis Eradication</u>
\$ 8,951,430	\$ 468,693	\$ 2,719,105	\$ 215,516	\$ 681	\$ 334,047	\$ 2,759
8,765,856	428,500	2,863,669	201,759	-	-	2,995
659,187	33,540	114,691	11,770	-	-	197
14,273	664	-	535	-	-	4
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	3,884,698	-
-	-	-	-	30,949	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
9,439,316	462,704	2,978,360	214,064	30,949	3,884,698	3,196
-	-	-	-	-	147,293	-
9,271,513	484,991	2,828,250	217,604	31,047	3,739,557	2,852
-	-	-	-	-	-	-
9,271,513	484,991	2,828,250	217,604	31,047	3,886,850	2,852
\$ 9,119,233	\$ 446,406	\$ 2,869,215	\$ 211,976	\$ 583	\$ 331,895	\$ 3,103

IOWA COUNTY

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUNDS
 Year Ended June 30, 2004

	Emergency Management	Fire Districts	Amana Land Use District	Sanitary Districts	E-911 Service Commission
ASSETS AND LIABILITIES					
Balances beginning of year	\$ 49,766	\$ 70,253	\$ 23,817	\$ 27,286	\$ 84,240
Additions:					
Property and other County tax	-	66,233	23,569	28,160	-
State tax credits	-	8,299	4,255	864	-
Payments in lieu of taxes	-	-	-	-	-
E-911 surcharge	-	-	-	-	-
Office fees and collections	-	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	44,996	-	-	-	9,583
Total additions	44,996	74,532	27,824	29,024	9,583
Deductions:					
Agency remittances:					
To other funds	-	-	-	-	-
To other governments	45,052	76,046	27,411	28,212	78,634
Trusts paid out	-	-	-	-	-
Total deductions	45,052	76,046	27,411	28,212	78,634
Balances end of year	\$ 49,710	\$ 68,739	\$ 24,230	\$ 28,098	\$ 15,189

See accompanying independent auditor's report.

<u>E-911 Surcharge</u>	<u>Tax Sale Redemption</u>	<u>Bankruptcy Trust</u>	<u>Condemnation Trust</u>	<u>Monies/ Credit Loans Credit</u>	<u>Recorder's Electronic Transaction Fees</u>	<u>Total</u>
\$ 46,242	\$ 990	\$ 99	\$ 2,805	\$ 2,024	\$ -	\$ 13,445,294
-	-	-	-	-	-	12,844,586
-	-	-	-	-	-	860,356
-	-	-	-	-	-	16,022
110,747	-	-	-	-	-	110,747
-	-	-	-	-	-	311,018
-	-	-	-	-	-	3,884,698
-	-	-	-	-	-	30,949
-	158,964	-	-	-	-	281,516
121	-	-	-	-	-	121
-	-	-	-	174	24,140	78,893
110,868	158,964	-	-	174	24,140	18,418,906
-	-	-	-	-	-	349,267
82,571	-	-	-	-	18,070	17,451,461
-	156,692	-	-	-	-	279,453
82,571	156,692	-	-	-	18,070	18,080,181
\$ 74,539	\$ 3,262	\$ 99	\$ 2,805	\$ 2,198	\$ 6,070	\$ 13,784,019

IOWA COUNTY

SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION

ALL GOVERNMENTAL FUNDS
FOR THE LAST FOUR YEARS

	Modified Accrual Basis			
	2004	2003	2002	2001
Revenues:				
Property and other County tax	\$ 5,524,123	\$ 5,580,665	\$ 5,559,826	\$ 5,280,760
Interest and penalty on property tax	64,355	39,469	35,393	31,611
Intergovernmental	4,975,930	4,296,233	4,323,648	4,102,060
Licenses and permits	25,394	21,392	20,295	20,156
Charges for service	607,983	591,811	503,195	424,614
Use of money and property	125,597	216,521	267,840	379,211
Miscellaneous	154,425	160,067	167,953	98,295
Total	<u>\$ 11,477,807</u>	<u>\$ 10,906,158</u>	<u>\$ 10,878,150</u>	<u>\$ 10,336,707</u>
Expenditures:				
Current:				
Public safety and legal services	\$ 1,706,601	\$ 1,478,594	\$ 1,530,025	\$ 1,378,889
Physical health and social services	697,098	699,262	869,033	847,360
Mental health	1,396,825	1,458,881	1,424,644	1,488,712
County environment and education services	939,357	834,059	538,337	467,677
Roads and transportation	4,199,458	4,371,088	3,679,800	3,949,451
Governmental services to residents	348,331	356,442	339,965	301,896
Administrative services	1,254,692	1,320,423	990,949	929,615
Non-program	18,019	361	2,991	294
Debt service	85,660	79,545	83,064	5,493
Capital projects	1,690,102	530,538	724,423	145,305
Total	<u>\$ 12,336,143</u>	<u>\$ 11,129,193</u>	<u>\$ 10,183,231</u>	<u>\$ 9,514,692</u>

See accompanying independent auditor's report.

IOWA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2004

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Program Expenditures</u>
Direct:			
U.S. Department of Homeland Security:			
Emergency Food and Shelter National Board Program	97.024		\$ <u>1,957</u>
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for Food Stamp Program	10.561		<u>4,013</u>
U.S. Department of Housing and Urban Development:			
Iowa Department of Economic Development:			
Community Development Block Grants/State's Program	14.228	02-W5-061-01	<u>66,316</u>
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	STP-ES-C048(33)	32,421
Highway Planning and Construction	20.205	STP-ES-C048(38)	<u>468,388</u>
			<u>500,809</u>
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513		<u>25,400</u>
U.S. Department of Health and Human Services:			
Iowa Department of Health:			
Centers for disease control and prevention - Investigations and technical assistance	93.283		<u>1,073</u>

IOWA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2004

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
U.S. Department of Health and Human Services (continued):			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Temporary Assistance for Needy Families	93.558		\$ 5,159
Refugee and Entrant Assistance - State Administered Programs	93.566		19
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		934
Foster Care - Title IV-E	93.658		2,398
Adoption Assistance	93.659		630
Medical Assistance Program	93.778		5,209
Social Services Block Grant	93.667		3,394
 Social Services Block Grant	 93.667		 40,277
			43,671
Total indirect			655,631
 Total			 \$ 657,588

Basis of Presentation – The Schedule of Expenditures of Federal Awards includes the federal grant activity of Iowa County and is presented on the modified accrual basis of accounting. The information on this schedule is presented in accordance with requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING

To the Officials of Iowa County:

We have audited the financial statements of Iowa County, Iowa, as of and for the year ended June 30, 2004, and have issued our report thereon dated December 29, 2004. We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Iowa County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2004 are based exclusively on knowledge obtained from procedures performed during our audit of the basic financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior year statutory comments have all been resolved except for item IV-K-04.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Iowa County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Iowa County's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in Part II of the accompanying Schedule of Findings and Questioned Costs.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we believe item II-A-04 is a material weakness. Prior year reportable conditions have all been resolved except for items II-A-04 and II-B-04.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Iowa County and other parties to whom Iowa County may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Iowa County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Oskaloosa, Iowa
December 29, 2004

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE

To the Officials of Iowa County:

Compliance

We have audited the compliance of Iowa County, Iowa, with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2004. Iowa County's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Iowa County's management. Our responsibility is to express an opinion on Iowa County's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Iowa County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Iowa County's compliance with those requirements.

In our opinion, Iowa County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.

Internal Control Over Compliance

The management of Iowa County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Iowa County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect Iowa County's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that non-compliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We noted no material weaknesses during the course of our audit.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Iowa County and other parties to whom Iowa County may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

Oskaloosa, Iowa
December 29, 2004

IOWA COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2004

Part I: Summary of the Independent Auditor's Results:

- (a) An unqualified opinion was issued on the financial statements.
- (b) Reportable conditions in internal control over financial reporting were disclosed by the audit of the financial statements, including a material weakness.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major programs.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - CFDA Number 20.205 Highway Planning and Construction
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Iowa County did not qualify as a low-risk auditee.

IOWA COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2004

Part II: Findings Related to the General Purpose Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

II-A-04 Segregation of Duties

Comment – During our review of the internal control structure, the existing procedures are evaluated in order to determine that incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and therefore maximizes the accuracy of the County's financial statements. We noted that generally one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

	<u>Applicable Offices</u>
(1) All incoming mail should be opened by an employee who is not authorized to make entries to the accounting records. This employee should prepare a listing of cash and checks received. The mail should then be forwarded to the accounting personnel for processing. Later, the same listing should be compared to the cash receipt records.	Ag Extension, Recorder, Sheriff, Treasurer
(2) Bank accounts should be reconciled promptly at the end of each month by an individual who does not sign checks or handle or record cash.	Ag Extension, Auditor, Recorder, Sheriff, Treasurer
(3) Checks or warrants should be signed by an individual who does not otherwise participate in the preparation of the checks or warrants. Prior to signing, the checks or warrants and the supporting documentation should be reviewed for propriety. After signing, the checks or warrants should be mailed without allowing them to return to individuals who prepare the checks or warrants or approve vouchers for payment.	Recorder, Sheriff Treasurer

Recommendation – We realize that with a limited number of office employees, segregation of duties is difficult. However, each official should review the control procedures of their office to obtain the maximum internal control possible under the circumstances. The official should utilize current personnel to provide additional control through review of financial transactions, reconciliations and reports. Such reviews should be performed by independent persons to the extent possible, and should be evidenced by the initials or signature of the reviewer and the date of the review.

IOWA COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2004

Part II: Findings Related to the General Purpose Financial Statements (continued):

REPORTABLE CONDITIONS (continued):

II-A-04 Segregation of Duties (continued)

Responses –

Ag Extension – We will comply with this recommendation to the extent possible.

County Auditor – We will comply with this recommendation to the extent possible.

County Recorder – We will comply with this recommendation to the extent possible.

County Sheriff - We will comply with this recommendation to the extent possible.

County Treasurer – We will review procedures and try to make any necessary changes where possible.

Conclusion – Responses accepted.

II-B-04 Untimely Deposit – Out of twenty-one receipts tested, two were not deposited timely. The receipts were held by the recipient for several days before being given to the County Treasurer for deposit.

Recommendation – Receipts should be turned in to the County Treasurer on a timely basis. All receipts should be deposited as soon as possible to safeguard the asset and avoid any possible irregularities and to earn the interest revenue on the public funds.

Response – We will try to ensure that the County Treasurer receives all receipts on a timely basis.

Conclusion – Response accepted.

II-C-04 Deposit Detail – We were unable to trace two receipts to the subsequent deposit because, as of April, 2004, the County stopped providing a list of checks received and provides instead a deposit total only.

Recommendation – The County should begin providing detailed information on all deposits to enable any receipt to be traced to the deposit of that receipt. This practice will safeguard the underlying asset and help to insure that all receipts are accounted for properly.

Response – We will review this practice and make any changes necessary.

Conclusion – Response accepted.

IOWA COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2004

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

No matters were noted.

IOWA COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2004

Part IV: Other Findings Related to Required Statutory Reporting:

- IV-A-04 Official Depositories – A resolution naming official depositories has been adopted by the Board of Supervisors. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2004.
- IV-B-04 Certified Budget – Disbursements during the year ended June 30, 2004 did not exceed the amounts budgeted in any of the ten County functions. However, disbursements in one department exceeded the amount appropriated during the year prior to amendment and at year end.
- Recommendation – Chapter 331.434(6) of the Code of Iowa authorizes the Board of Supervisors, by resolution, to increase or decrease appropriations of one office or department by increasing or decreasing the appropriation of another office or department as long as the service area budget is not increased. Such increases or decreases should be made before disbursements are allowed to exceed the appropriation.
- Response – Appropriations will be watched more closely by the departments.
- Conclusion – Response accepted.
- IV-C-04 Questionable Expenditures – No expenditures that may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- IV-D-04 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- IV-E-04 Business Transactions – No business transactions between the County and County officials or employees were noted.
- IV-F-04 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of all bonds should be reviewed periodically to insure that the coverage remains adequate for current operations.
- IV-G-04 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- IV-H-04 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the County’s investment policy were noted. However, we noted that no interest was reported in the Special Revenue Fund, REAP as required by Chapter 455A.19(1)(b)(6) of the Code of Iowa.
- Recommendation – The County should record interest in the REAP as required.
- Response – This was an oversight for this year. We will properly record interest in the REAP fund as required in the future.
- Conclusion – Response accepted.

IOWA COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2004

Part IV: Other Findings Related to Required Statutory Reporting (continued):

IV-I-04 Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

IV-J-04 County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an extension council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

The Board Treasurer's bond covered the amount required by Chapter 176A.14(5) of the Code of Iowa.

Disbursements during the year ended June 30, 2004 for the County Extension Office did not exceed the amount budgeted. However, the budget amendment and public hearing was not documented in the minutes as required by Chapter 331.434 of the Code of Iowa. We also noted that the minutes for two meetings were not properly signed as required by Chapter 176A.14(3) of the Code of Iowa.

Recommendation – All budget amendments should be properly documented in the Ag Extension minutes, as required, and all minutes should be properly signed.

Response – These errors were an oversight for this year. We will properly sign all minutes and document public hearings for budget amendments in the future.

Conclusion – Response accpeted.

IV-K-04 Codification of Ordinances – The County has not compiled a code of ordinances containing all of the County ordinances at least once every five years as required by Chapter 331.302(9) of the Code of Iowa. This was last completed in December 1996.

Recommendation – The County should compile a code of ordinances containing all of the County ordinances at least once every five years.

Response – We will compile a code of ordinances.

Conclusion – Response accepted.

IV-L-04 Improper Tax Sale Refund – The County properly sold two properties at tax sale in a prior year. Subsequent to the sale of the properties, mobile homes were removed from the sites. However, the tax sale purchaser continued paying the subsequent taxes for each property. When the removal of the mobile homes was discovered, the County refunded all taxes paid by the purchaser, plus \$1,145 of interest at a 24% rate per annum.

Recommendation – Once properties are purchased at tax sale, all responsibility for the property transfers to the purchaser until the tax sale is properly redeemed by the deed holder. The Code of Iowa does not allow for a subsequent refund of a tax sale properly handled by the County. The purchaser of the tax sale should have taken deed to the property purchased. The County Treasurer should contact the County Attorney to resolve this situation.

IOWA COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2004

Part IV: Other Findings Related to Required Statutory Reporting (continued):

IV-L-04 Improper Tax Sale Refund (continued)

Response – We were unaware that a tax sale properly handled by the Treasurer could not be refunded. We will not do this again in the future and will contact the County Attorney to determine how best to handle this situation.

Conclusion – Response accepted.

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